

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Danvers Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 13, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The Board maintained the 7.50% investment return assumption used in the 2018 valuation. We have generally recommended an assumption of 6.90% to 7.20% for our 2020 actuarial valuations. For comparison, 32 systems are currently using an assumption less than 7.25%, 30 systems have an assumption of 7.25%, and 11 have an assumption between 7.25% and 7.50%. The 7.50% assumption is at the high end of what we consider to be the reasonable range for this assumption as of January 1, 2020.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.1 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Danvers Electric						All Others							
	Employer Normal Cost	Net 3(8)(c) Transfers	Amortization Payment of UAL	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Accrued Liability	Employer Normal Cost	Net 3(8)(c) Transfers	Amortization Payment of UAL	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Accrued Liability	Total Appropriation	Increase Over Prior Year
2021	\$460,768	\$72,697	\$14,288	\$547,753		\$296,631	\$1,501,585	\$596,369	\$5,256,921	\$7,354,875		\$82,238,761	\$7,902,628	
2022	478,047	72,697	171,966	722,710	31.94%	304,064	1,557,895	596,369	5,789,002	7,943,266	8.00%	82,956,176	8,665,976	9.70%
2023	495,973	72,697	154,041	722,711	0.00%	148,570	1,616,316	596,369	6,366,041	8,578,726	8.00%	83,175,725	9,301,437	7.30%
2024	514,573	72,697	-	587,270	-18.74%	-	1,676,929	596,369	6,991,727	9,265,025	8.00%	82,813,453	9,852,295	5.90%
2025	533,869	72,697	-	606,566	3.29%	-	1,739,814	596,369	7,670,043	10,006,226	8.00%	81,775,285	10,612,792	7.70%
2026	553,889	72,697	-	626,586	3.30%	-	1,805,057	596,369	8,405,298	10,806,724	8.00%	79,955,962	11,433,310	7.70%
2027	574,660	72,697	-	647,357	3.31%	-	1,872,746	596,369	9,202,147	11,671,262	8.00%	77,237,861	12,318,619	7.70%
2028	596,209	72,697	-	668,906	3.33%	-	1,942,974	596,369	10,065,620	12,604,963	8.00%	73,489,711	13,273,869	7.80%
2029	618,567	72,697	-	691,264	3.34%	-	2,015,836	596,369	11,001,155	13,613,360	8.00%	68,565,182	14,304,624	7.80%
2030	641,764	72,697	-	714,461	3.36%	-	2,091,431	596,369	11,676,010	14,363,810	5.51%	62,301,330	15,078,271	5.40%
2031	665,830	72,697	-	738,527	3.37%	-	2,169,859	596,369	12,143,050	14,909,278	3.80%	54,867,985	15,647,805	3.80%
2032	690,798	72,697	-	763,495	3.38%	-	2,251,229	596,369	12,628,772	15,476,370	3.80%	46,392,902	16,239,865	3.80%
2033	716,703	72,697	-	789,400	3.39%	-	2,335,650	596,369	13,133,923	16,065,942	3.81%	36,778,580	16,855,342	3.80%
2034	743,580	72,697	-	816,277	3.40%	-	2,423,237	596,369	13,659,281	16,678,887	3.82%	25,919,433	17,495,164	3.80%
2035	771,464	72,697	-	844,161	3.42%	-	2,514,109	596,369	14,205,652	17,316,130	3.82%	13,701,147	18,160,291	3.80%
2036	800,394	72,697	-	873,091	3.43%	-	2,608,388	596,369	-	3,204,757	-81.49%	-	4,077,848	-77.50%
2037	830,408	72,697	-	903,105	3.44%	-	2,706,203	596,369	-	3,302,572	3.05%	-	4,205,677	3.10%
2038	861,548	72,697	-	934,245	3.45%	-	2,807,685	596,369	-	3,404,054	3.07%	-	4,338,299	3.20%
2039	893,856	72,697	-	966,553	3.46%	-	2,912,973	596,369	-	3,509,342	3.09%	-	4,475,895	3.20%
2040	927,375	72,697	-	1,000,072	3.47%	-	3,022,210	596,369	-	3,618,579	3.11%	-	4,618,651	3.20%
2041	962,151	72,697	-	1,034,848	3.48%	-	3,135,543	596,369	-	3,731,912	3.13%	-	4,766,760	3.20%
2042	998,233	72,697	-	1,070,930	3.49%	-	3,253,126	596,369	-	3,849,495	3.15%	-	4,920,425	3.20%